

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BRACKEN COUNTY WATER)	
DISTRICT #1 FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO CONSTRUCT)	94-211
AND FINANCE A WATER STORAGE TANK)	

O R D E R

On May 20, 1994, Bracken County Water District #1 ("Bracken Water") requested authorization to construct a \$409,785 waterworks improvement project, for approval of its plan of financing for this project, and for adjustment of its water service rates. The application was considered filed with the Commission on October 20, 1994. The project funding includes a \$409,785 loan from the First National Bank in Brooksville at an annual interest rate of 7 percent.

Commission Staff conducted a limited financial review of Bracken Water's operations for the test period, the twelve-month period ended July 31, 1994. Based upon this review, Commission Staff issued a report on November 10, 1994 recommending an increase in annual operating revenues of \$43,552.

By Order dated November 10, 1994, the Commission advised Bracken Water that comments on the Staff Report or a request for a public hearing must be submitted no later than November 25, 1994, or this case would stand submitted to the Commission for decision. No comments were received by the Commission.

Plans and specifications for the proposed improvements prepared by Blevins Engineering of Maysville, Kentucky ("Engineer"), have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the proposed construction be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of a 300,000-gallon elevated water storage tank and related appurtenances. After allowances are made for fees, contingencies, and other indirect costs, the total cost of this project is approximately \$409,785.

3. The Engineer has filed information that indicates that reliable and adequate service can be maintained throughout the expanded system after completion of the proposed construction. Bracken Water should monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 5(1), Bracken Water should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Bracken Water should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

5. Any deviation from the construction approved should occur only with the prior approval of the Commission.

6. Bracken Water should furnish duly verified documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

7. Bracken Water should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

8. Bracken Water should require the Engineer to furnish within 60 days of the date of substantial completion of this construction a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

9. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just and reasonable rates for Bracken Water and will produce gross annual revenues from rates of \$313,732. These rates will allow Bracken Water sufficient revenues to meet its operating expenses and service its debt.

10. The financing plan proposed by Bracken Water is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. The financing plan should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Bracken Water be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein on the condition that service levels be monitored and corrective action taken in accordance with Commission regulations.

2. Bracken Water's financing plan consisting of a \$409,785 loan from the First National Bank in Brooksville is hereby approved. The financing herein approved shall be used only for the lawful purposes specified in Bracken Water's application.

3. Bracken Water shall comply with Findings 3 through 8.

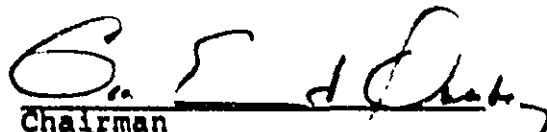
4. The rates proposed by Bracken Water are hereby denied.

5. The rates contained in Appendix A are the fair, just, and reasonable rates to be charged by Bracken Water for service rendered on and after the date of this Order.

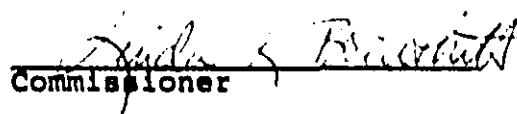
6. Within 30 days from the date of this Order, Bracken Water shall file with the Commission revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 24th day of February, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-211 DATED FEBRUARY 24, 1995

The following rates and charges are prescribed for the customers in the area served by Bracken County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RESIDENTIAL, COMMERCIAL AND INDUSTRIAL

Gallonsage Block

First 2,000 Gallons	\$10.19 Minimum Bill
Over 2,000 Gallons	2.00 Per 1,000 Gallons

WHOLESALE

Gallonsage Block

First 50,000 Gallons	\$72.50 Minimum Bill
Over 50,000 Gallons	1.45 Per 1,000 Gallons

BULK SALES

Loading Station

\$ 2.25 Per 1,000 Gallons